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**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:	)	Bankruptcy Case
PG&E CORPORATION	)	No. 19-30088 (DM)
- and -	)	Chapter 11
PACIFIC GAS AND ELECTRIC COMPANY,	)	(Lead Case)
Debtors.	)	(Jointly Administered)
	)	Date: December 17, 2019
	)	Time: 10:00 a.m.
	)	Place: United States Bankruptcy Court
<input type="checkbox"/> Affects PG&E Corporation	)	450 Golden Gate Avenue
<input type="checkbox"/> Affects Pacific Gas and Electric Company	)	Courtroom 17
<input checked="" type="checkbox"/> Affects both Debtors	)	San Francisco, CA 94102
	)	Judge: Hon. Dennis Montali
<i>All papers shall be filed in the Lead Case,</i>	)	RE: Docket No. 5038 and 5076
<i>No. 19-30088 (DM).</i>)	

**STATEMENT OF THE UNITED STATES OF AMERICA IN RESPONSE TO
DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 363(b) AND 105(a) AND FED. R.
BANKR. P. 6004 AND 9019 FOR ENTRY OF AN ORDER (I) AUTHORIZING THE
DEBTORS AND TCC TO ENTER INTO RESTRUCTURING SUPPORT
AGREEMENT WITH THE TCC, CONSENTING FIRE CLAIMANT
PROFESSIONALS, AND SHAREHOLDER PROPONENTS, AND (II) GRANTING
RELATED RELIEF**

1 The United States of America, on behalf of various federal agencies, hereby responds to the
2 *Debtors' Motion Pursuant to 11 U.S.C. §§ 363(b) and 105(a) and Fed. R. Bankr. P. 6004 and 9019 for*
3 *Entry of an Order (I) Authorizing the Debtors and TCC to Enter into Restructuring Support*
4 *Agreement with the TCC, Consenting Fire Claimant Professionals, and Shareholder Proponents, and*
5 *(II) Granting Related Relief* (Dkt. No. 5038) (the "RSA Motion"), in which they seek approval of a
6 restructuring support agreement (the "RSA") between them and, among others, the Official Committee
7 of Tort Claimants ("TCC").

9 The United States does not object to the relief requested in the RSA Motion but files this
10 statement to (1) address one assertion made in the Motion and (2) reserve its rights with respect to the
11 Estimation Approval Motion described in the RSA Motion as well as the establishment,
12 administration, and governance of the Fire Victim Trust.¹

14 Resolution of All Prepetition Fire Claims

15 Various United States agencies have filed wildfire related claims aggregating approximately
16 \$4.3 billion in these cases. The Amended Plan described in the RSA and Term Sheet propose to
17 channel the United States' wildfire related claims to the Fire Victim Trust for resolution and
18 satisfaction. The RSA Motion asserts that the RSA and Term Sheet "fully resolve the chapter 11
19 plan's treatment of all prepetition fire claims" including "the claims asserted by the DOJ, FEMA, and
20 certain California State agencies (including Cal OES and CAL FIRE)." *RSA Motion* at 9, n.3.² But as
21 the Debtors' 8-K SEC filing announcing the RSA correctly noted, the United States is not a party to
22 the RSA. And it was not involved in any way in the negotiations leading to it and has not otherwise
23 settled its wildfire related claims. In other words, there is a significant creditor in these cases asserting
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26 ¹ Terms not otherwise defined herein shall have the meaning ascribed to them in the Motion and
27 accompanying exhibits.

28 ² To be clear, the Department of Justice has not asserted wildfire related claims in these cases.
Other agencies of the United States, such as FEMA, the Small Business Administration, the Department
of the Interior, and the Department of Agriculture, have done so.

1 wildfire related claims that does not view the RSA and Term Sheet as having fully resolved the plan's
2 treatment of its claims. In essence, the only thing the RSA and Term Sheet resolved was how much
3 consideration had to be in the Fire Victim Trust to satisfy wildfire related claims. The treatment of
4 those claims through that trust is, however, still subject to the rigors of 11 U.S.C. § 1129 and a
5 confirmation hearing. Accordingly, there remains much to be resolved, or decided by the Court, with
6 respect to the Amended Plan's treatment of the United States' wildfire related claims, and the United
7 States reserves all right with respect thereto.

8 Reservation of Rights

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10 The RSA describes an Estimation Approval Motion, which will seek approval of a settlement
11 of the Estimation Matters "provid[ing] for the aggregate estimation and aggregate allocation of the
12 Fire Victim Claims in the amount of the Aggregate Fire Victims Consideration for all purposes in
13 these Chapter 11 cases." *RSA Motion*, Ex. A, paras. 1(h) and (i).³ The RSA Motion does not explain
14 what "aggregate allocation" of Fire Victim Claims means but it seems certain to impact the treatment
15 of those claims, including the United States' wildfire related claims, in relation to the Fire Victim
16 Trust. The RSA further describes Definitive Documents defined broadly as any documents necessary
17 to implement the RSA, the Amended Plan, or the Disclosure Statement. *Id.* para. 1(f). These
18 documents presumably would include the Fire Victim Trust Agreement and the Fire Victim Claim
19 Resolution Procedures, *RSA Motion*, Ex. B [Term Sheet], at 6-8, both of which relate to the
20 establishment, administration, and governance of the Fire Victim Trust -- an issue of paramount
21 importance to the United States' given the amount of its wildfire related claims. Accordingly, the
22 United States reserves all rights with respect to the Estimation Approval Motion, the Disclosure
23 Statement, the Amended Plan, the Definitive Documents, and the establishment, administration, and
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28 ³ Estimation Matters is defined as the Debtors' section 502(c) motion filed in this Court (Dkt. No. 3091) as well as the estimation proceeding before Judge Donato in the District Court, Case No. 19-cv-05257-JD. *RSA Motion*, Ex A, para. 1(j).

1 governance of the Fire Victim Trust.

2 Date: December 16, 2019

Respectfully submitted,

3 JOSEPH H. HUNT
4 Assistant Attorney General
5 DAVID L. ANDERSON (CABN 149604)
6 United States Attorney

7 /s/ Matthew J. Troy
8 RUTH A. HARVEY
9 Director
10 KIRK MANHARDT
11 Deputy Director
12 MATTHEW J. TROY
13 Senior Trial Counsel
14 Attorneys for the United States

15 **CERTIFICATE OF SERVICE**

16 I hereby certify that on December 16, 2019, I electronically filed the foregoing Statement with the Clerk
17 of the Court by using the CM/ECF system, which will send a notice of electronic filing to all CM/ECF
18 participants.

19 /s/ Matthew J. Troy
20 Matthew J. Troy
21 Senior Trial Counsel
22 Attorney for United States
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